GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4871
ANSWERED ON:31.03.2017
Value of Indian Currency
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Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that value of Indian currency is falling day by day posing serious threat to economy and growth of the country and if so, the details thereof;

(b) whether the Government has made any assessment to find out the root cause of falling value of Indian rupees;

(c) if so, the details thereof; and

(d) the corrective measures/steps taken by the Government to protect the fall of the currency?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) to (c) The exchange rate of the Indian rupee has generally witnessed anappreciation trend against the US dollar in the recent period, notwithstanding intermittent bouts of volatility witnessed especially during November-December 2016 on the back of the US presidential election results and Fed rate hike (Table 1).

Table 1: Monthly Average Rs/$ Exchange Rate

Month	Average Rupee/dollar Exchange rate
Apr-16	66.47
May-16	66.91
Jun-16	67.30
Jul-16	67.21
Aug-16	66.94
Sep-16	66.74
Oct-16	66.75
Nov-16	67.63
Dec-16	67.90
Jan-17	68.08
Feb-17	67.08
Mar-2017*	66.04

* Up to March 27, 2017

Since February 2017, the rupee has appreciatedwith significant capital inflows, both portfolio and FDI. Net FII flows picked up significantly since February 2017 after turning negative during the period October 2016-January 2017. FDI inflows also continued to be robust during 2016-17 (April-January).

Positive sentiment generated by good growth prospects of the Indian economy, sound macroeconomic fundamentals with low inflation, low current account deficit, adequate forex reserves, etc. are driving capital inflows contributing to the strengthening of the rupee.

(d) The exchange rate of the rupee is market determined. The Reserve Bank of India (RBI) intervenes in the domestic foreign exchange market to manage excessive volatility and maintain orderly conditions without having any fixed target or band for the exchange rate. The Government and the RBI are continuously monitoring the evolving situation on the exchange rate front and will take appropriate steps as and when required.
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